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NEWS ANALYSIS

By Jerome R. Watson

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WASHINGTON - Declaring that he retains "full co
Director William J. Casey, President Reagan has s
book on the first ethics controversy of his administration.

Deputy press secretary Larry Speakes said Reagan expressed his support for Casey Tuesday and again Wednesday, and wants Casey to remain in his post.

Another aide characterized Reagan as having great faith and trust in Casey's abilities and the job he has done at the intelligence agency.

But the subject of Casey and some of his long-past financial dealings dominated the regular White House press briefing Wednesday in a way that recalled the difficult ethics dilemmas that have confronted some of Reagan's predecessors.

Reagan's endorsement of Casey followed a disclosure that a Manhattan federal judge had ruled in May in a civil case that Casey had knowingly participated in 1968 in an investment offering that "omitted and misrepresented facts" to investors.

Speakes said Casey had disclosed before he was appointed that he was involved in litigation concerning the 1968 investment offer, although at that time no court findings against him had been made.

The case predates Casey's association with Reagan, and neither Casey nor Max Hugel - who resigned Tuesday as the CIA's chief of clandestine operations - has been accused of any questionable acts while serving in the administration.

Former associates had accused Hugel of improper or illegal stock trading procedures. The ruling involving Casey is an outgrowth of a drawn-out lawsuit, some aspects of which remain to be tried, and his attorneys reportedly are seeking a reargument of the finding against Casey and others.

The original appointment of Hugel to the sensitive post had aroused opposition within the spy agency, because Hugel, a businessman and friend of Casey, lacked background in the intelligence field. The White House quickly pointed out that Hugel had been appointed by Casey, and not by Reagan. (Casey, however, was a Cabinet-level appointee of the president.)

The administration also insisted that Hugel had resigned, and denied reports that White House chief of staff James A. Baker III had ordered Casey to get rid of Hugel. White House aides said the question of firing Hugel had not even come up.

Yet, the White House sought indirectly to take credit for Hugel's rapid departure, with Baker spokesman Dave Gergen urging reporters to keep in mind that the matter was "handled expeditiously."

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THE DECISION TO STAND BY CASEY ALSO APPEARED TO HAVE BEEN HANDLED EXPEDITIOUSLY. ONCE THE FEDERAL COURT RULING BECAME PUBLIC, NONETHELESS, SOME POTENTIALLY TROUBLING QUESTIONS SUGGESTED THEMSELVES AFTER TWO DAYS OF HEADLINES EMBARRASSING FOR THE ADMINISTRATION:

- IS THE ADMINISTRATION, AND MOST NOTABLY THE PRESIDENT, SUFFICIENTLY SENSITIVE TO ETHICAL CONCERNS AND THE POLITICAL DAMAGE ETHICS CONTROVERSIES CAN CAUSE?

- IS REAGAN CAPABLE OF FACTORING OUT FRIENDSHIP AS A CONSIDERATION WHEN JUDGING THE CONDUCT OF SUBORDINATES? (SPEAKES SAID REAGAN'S FRIENDSHIP FOR CASEY, WHO PLAYED A KEY ROLE IN HIS 1980 CAMPAIGN, WAS NOT A FACTOR IN THE PRESIDENT'S QUICK DECISION TO STAND BY THE CIA CHIEF.)

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~~AN~~FAIR AT THIS POINT TO RAISE SUCH QUESTIONS?

THE ANSWER OF ADMINISTRATION AIDES TO SUCH QUESTIONS IS, IN EFFECT, A RESOUNDING "YES."

"WE HAVE A HIGH ETHICAL STANDARD IN THIS ADMINISTRATION," SPEAKES TOLD REPORTERS AT ONE POINT. INDEED, THERE HAS BEEN NO SCANDAL IN THE UPPER REACHES OF THE ADMINISTRATION, AND REAGAN'S CLOSE ADVISERS ARE SEASONED POLITICIANS WHO GENERALLY SEEM TO UNDERSTAND THE LESSONS OF RECENT PRESIDENTIAL SCANDALS.

OF COURSE, ETHICS IS ONE IMPORTANT MATTER. POLITICS IS ANOTHER. DELAYS IN CASHIERING OR CUTTING LOOSE CONTROVERSIAL ASSOCIATES HAVE BROUGHT GRIEF TO MORE THAN ONE PRESIDENT, MOST RECENTLY TO JIMMY CARTER WHEN HE STUCK BY HIS LONGTIME PAL BERT LANCE FOR SOME TIME AFTER LANCE CAME UNDER FIRE FOR QUESTIONABLE FINANCIAL DEALINGS.

THE CASEY DISCLOSURE COMES AT ROUGHLY THE SAME POINT IN REAGAN'S ADMINISTRATION THAT THE LANCE AFFAIR DID IN CARTER'S. THE TWO CASES ARE NOT COMPARABLE IN LEGAL MAGNITUDE, AND UNLESS FURTHER FINDINGS OR DISCLOSURES AFFLICT CASEY HIS OWN LEGAL DIFFICULTIES COULD RECEDE TO THE BACKGROUND.

IN ANOTHER CASE, LATE IN LAST FALL'S CAMPAIGN, RICHARD ALLEN, A TOP REAGAN FOREIGN POLICY ADVISER, WAS CRITICIZED FOR SOME FORMER FINANCIAL DEALINGS. ALLEN WAS QUICKLY REMOVED FROM THE CAMPAIGN, AND THEN, EXONERATED BY REAGAN AIDE EDWIN M. MEESE III, PLACED ON THE SENIOR WHITE HOUSE STAFF AS NATIONAL SECURITY ADVISER.

EARLIER THIS YEAR, REAGAN WAS MUCH SLOWER TO ACT WHEN ONE OF HIS SONS WAS FOUND TO HAVE MENTIONED HIS WHITE HOUSE CONNECTIONS IN SOLICITING GOVERNMENT BUSINESS. FINALLY, THE REAGANS LET IT BE KNOWN THAT THEY FELT THEIR SON SHOULD NOT HAVE ENGAGED IN THE PRACTICE.

IT IS DIFFICULT FOR ANY PUBLIC OFFICIAL TO ACT WITH UTTER DETACHMENT WHEN CLOSE FRIENDSHIPS ARE INVOLVED. A PRESIDENT WHO FIRED CLOSE ASSOCIATES WITHOUT APPARENT QUALM MIGHT

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REAGAN'S ABILITY TO SORT OUT LOYALTIES TO SUBORDINATES FROM CONCERNS FOR ETHICAL MATTERS AND HIS OWN CREDIBILITY MAY BE ESPECIALLY IMPORTANT; HOWEVER; GIVEN HIS VIEW OF THE PRESIDENCY.

REAGAN IS GIVEN TO CONCERNING HIMSELF WITH THE BIG PICTURE; WHILE DELEGATING DETAILS TO SUBORDINATES. THIS MEANS THE PRESIDENT ALSO DELEGATES SUBSTANTIAL POWER TO KEY AIDES; AND MAY EXPECT TO BE HELD ACCOUNTABLE BY THE PUBLIC FOR THEIR ACTS.

A SENIOR WHITE HOUSE AIDE WAS QUOTED AS SAYING OF HUGEL THAT HE WAS ''CASEY'S CHOICE; CASEY'S BUDDY AND CASEY'S PROBLEM.'' THE SAME CAN BE SAID OF REAGAN IN THE CASE OF CASEY HIMSELF; AND OF ANY OTHER PRESIDENTIAL APPOINTEES WHO SHOULD CHANCE TO FIND THEMSELVES IN SITUATIONS THAT RAISE QUESTIONS OF ETHICS OR COMPETENCE.

THE CASEY MATTER - HIS JUDGMENT IN HIRING HUGEL AND HIS OWN LEGAL PROBLEMS - MAY TURN OUT TO HAVE BEEN A SMALL CLOUD ON A GENERERALLY SUNNY REAGAN HORIZON. BUT REAGAN'S RESPONSE TO ANY LARGER CLOUD WILL BE CLOSELY WATCHED FOR ITS EFFECT ON HIS AUTHORITY AND SUCCESS; BOTH MUCH TO BE ADMIRED IN THESE YOUNG DAYS OF HIS PRESIDENCY.

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